

Ms. ROS-LEHTINEN. Mr. Speaker, the past few weeks the Castro dictatorship has initiated an all-out crackdown on the internal opposition and the independent press, who day after day fight for freedom, for democracy and for human rights in Cuba.

Yesterday, under strict secrecy, four of Cuba's most prominent dissidents, Felix Bonne, Marta Beatriz Roque, Vladimiro Roca and Rene Gomez Manzano were put on trial after spending almost 600 days in prison with no charges filed against them.

The crime committed by these four freedom-loving individuals: Drafting a document that criticizes the Cuban communist regime's repressive policies. And it was entitled "The Homeland Belongs to All of Us." This document called for the establishment of democracy in Cuba and the holding of free elections on the island. The dissidents now face up to 5 years in prison and more on these trumped-up charges.

It has been reported that dozens of independent journalists and other dissidents were summarily rounded up this past weekend on the eve of the trial. The purpose of this massive wave of arrests was to assure that opponents of the regime did not tell the international community of the Roman circus that the dictatorship dares to call a fair and a just trial.

Despite the strengthening totalitarian nature of the Castro regime, the internal opposition in Cuba continues to work tirelessly to call to the attention of the world the plight of the Cuban people. In response to the valiant efforts of the Cuban internal opposition, merely 2 weeks ago Fidel Castro imposed yet a new law on the island that punishes up to 15 and more years in jail any Cuban who disseminates what the regime considers counterrevolutionary information.

Leading human rights organizations around the world have noted the intensification of human rights abuses on the island of Cuba. Human Rights Watch, Amnesty International, the Inter-American Commission on Human Rights, and the recently released U.S. State Department Human Rights Report all concur that the Cuban regime continues to systematically violate the fundamental civil and political rights of all of its citizens.

Cuba today remains the Stalinist state that it has been for 40 years under Fidel Castro. The rights of freedom of expression, freedom of association, freedom of religion, and all of the other rights that free men and women enjoy are denied to the Cuban people. The latest crackdown is but the most recent example of this four-decade old nightmare that has engulfed the island.

Mr. Speaker, the United States Congress must continue to raise our voice in support of the freedom fighters in Cuba who day in and day out put their lives on the line to create a Democratic opening on the island.

Last year, during his visit to Cuba, Pope John Paul II called on the Castro dictatorship to open up Cuba to the world. A year after the Pontiff's visit, Castro has not even opened Cuba up to its own people. On the contrary, the regime continues to tighten the noose of repression around the necks of the people of the island.

The people of Cuba need the solidarity of the United States and all the nations of the world. Let us not turn our backs on them at this critical time.

This week my congressional colleagues and I will be submitting a resolution which will detail facts on the Castro regime and on the international community. We call upon the United Nations Commission on Human Rights in Geneva to help the Cuban people, because this provides a forum for discussing the human rights situation throughout the world, for condemning abuses and gross violations of these liberties, and for establishing an international mechanism to express support for the protection and defense of these inherent natural rights.

The actions taken by the United Nations Commission on Human Rights establishes a precedence for a further course of action, and it sends a message to the international community that the protection and promotion of human rights is indeed still a priority for all of us. The universal declaration of human rights guides global human rights policy and it asserts that all human beings are born free and should live in dignity with rights.

Religious freedom in Cuba is severely restrained, and we have clergy and lay people who are suffering sustained repression by the Cuban state security apparatus.

The government of Cuba continues to violate the rights of the child as well by engaging in child labor and in child prostitution. It routinely restricts workers' rights, including the right to form independent unions.

Mr. Speaker, we will continue to be vigilant in fighting against these violations, and we call on the international community to help us in this hour of need.

PRESERVING, PROTECTING, AND ENHANCING SOCIAL SECURITY SYSTEM

The SPEAKER pro tempore (Mr. SHIMKUS). Under the Speaker's announced policy of January 6, 1999, the gentleman from Texas (Mr. DOGGETT) is recognized for 60 minutes as the designee of the minority leader.

Mr. DOGGETT. Mr. Speaker, over the course of the next hour, a number of Members, Democrats here in the House, want to explore with our colleagues and with the American people our commitment to preserving and protecting and enhancing our Social Security System.

It is my belief that Social Security is one of the best programs that ever came out of this House of Representatives and this Congress and this Nation.

If we reflect back on the history of this program to a time in this very chamber in the 1930s, a time when most of our seniors were left in poverty, left often in disgrace to live destitute in their final years in this country after having built it into the great country that it is, and we reflect back on that time and compare it to the standard of living available to most seniors in this country today, it is a remarkable development. Over the course of some 60-plus years, thanks to the leadership of the great Franklin Delano Roosevelt and a Democratic Congress, we have a Social Security System that really is something that all of us can be very thankful for.

That was a system that came into effect over very significant Republican opposition, and it took from the 1930s until the 1960s, decades of effort by Democrats in this Congress to move to the second pillar that is so important to the security of our seniors, and that is Medicare.

When my fellow Texan, Lyndon Johnson, signed Medicare into law to assure that those who had some retirement security also had a certain element of health security, nine out of ten of our Republican colleagues in this House, nine out of ten, voted no. They did not believe in Medicare.

And so I think it is important, as we begin what I hope will be a bipartisan effort to bring us together to resolve the issues now about Social Security, that we do so in a bipartisan fashion, not bound by our history, but we also must be mindful of our history. And much of the history of the viewpoints brought to this debate about Social Security is really fairly recent.

The current leader of the Republican House group, the majority leader, the gentleman from Texas (Mr. ARMEY), my colleague from Texas, has a far different attitude about Social Security and about Medicare than I have had and that our great President Lyndon Johnson had, and I believe that most Texans have about Social Security. He has referred to it, back in 1984, as "a bad retirement" and "a rotten trick" on the American people. And he said, just a few years ago, that "I would never have created the Social Security System."

In addition to the comments about Social Security, he said of Medicare, after the Republicans took control of this House, "I resent the fact that when I am 65 I must enroll in Medicare. I deeply and profoundly resent that," he said. "It is an imposition on my life."

So we know that at least when some of the leadership of the Republican Party here in the House come to discuss Social Security and Medicare,

though they profess an interest in the same bipartisan solution that ultimately will be necessary, they have a different perspective about Social Security and Medicare than those of us who come from a party that has made Medicare and Social Security a mainstay of our efforts.

Likewise, I was troubled, just after coming to the House here in 1995, to read the banner headline of the newspaper of the Progress in Freedom Foundation. This is the group that was created by our recent Speaker of the House Newt Gingrich. It said, "For freedom's sake, eliminate Social Security." And it proceeded in this banner editorial, on the front page of this publication, to say, "It is time to slay the largest entitlement program of all: Social Security. A more important reason than financial returns for privatizing Social Security is freedom. The government shouldn't be in the business of confiscating people's retirement money and giving them no say where it is invested."

That is perhaps a perspective that could be subject to debate here, but it is a perspective that has characterized the leadership of this Republican Party. So that when they come and offer a meaningless resolution, like that which the House adopted today, that has various platitudes but really does nothing to accomplish any real reform of the Social Security System, we cannot help but be mindful of the perspective and the rigid ideology that they bring that is very negative towards Social Security and Medicare.

I hope that over the course of this debate we can reflect on some of the, I guess the remainder, the leftovers of this rigid ideology that are continuing to serve to restrict our ability to get meaningful changes in Social Security, to preserve and strengthen it, rather than to reform and wreck it.

Now, the leader of our efforts in this regard has been my colleague from California, who is the ranking member on the Subcommittee on Social Security of the Committee on Ways and Means, and I participated with him earlier today, with the National Committee to Preserve Social Security and Medicare, in a discussion of a new study to explore who the winners and losers are of the various proposals like that advocated by the Progress in Freedom Foundation and the other people that do not really believe in Social Security and want to abandon the system of the last 60-plus years, and I wonder if my colleague from California (Mr. MATSUI) might focus some attention on the significance of this particular study to our ongoing discussion of Social Security.

□ 1600

Mr. MATSUI. Mr. Speaker, I thank the gentleman from Texas (Mr. DOGGETT) for yielding.

The distinguished gentleman from Texas, as many people know, is on the Subcommittee on Social Security; and his expertise obviously is greatly needed for not only this entire institution but obviously for the country. I appreciate today that he has put together this opportunity for a number of us to speak on the floor of the House on this very, very critical and important issue of Social Security.

I might just mention the importance of Social Security to all Americans. It is probably the most significant program that the Federal Government has put together in the last 100 years, perhaps in the history of our country.

Every American is touched by Social Security; and, unlike what many people think, Social Security is not just a program for those people 62 or 65 and older. One-third of the benefits of Social Security goes basically to women, surviving spouses, and minor children, either through the form of survivor's benefits when the breadwinner of a family dies before reaching the age of 65 or, alternatively, when the breadwinner becomes disabled.

All of us understand and know the fact that, without Social Security, many young people in America today would not be able to go on to community college or State college or perhaps a university if, in fact, that breadwinner is injured or perhaps dies. So this program is perhaps the most important program that this Congress, perhaps in our lifetime as Members of Congress, will have to deal with.

Yes, there is a problem with Social Security, demographically. When Social Security was first established, it was considered then a widows' and orphans' fund back in the 1930s, as the distinguished gentleman from Texas (Mr. DOGGETT) has said. There were about 30 people working for each retired individual. Today, there is about three in the workforce for every retired individual; and sometime in the year 2025 there will only be a little over two.

So we must change, we must make modifications, but we must also preserve Social Security as we know it in America today.

I have to say that one area that has me greatly concerned is in the area of tax cuts. The story in the Washington Post and the New York Times, major newspapers throughout the country, over the weekend, is that the Republican leadership would like to lift the so-called spending caps so that we can accommodate additional spending in the defense budget, perhaps additional spending in other areas. That would be fine, I suppose, and we will have to debate that issue when we prepare the budget, hopefully by April 15 when it is due under the budget rules.

There is also talk about a significant huge tax cut, and everyone relates this tax cut to the surplus. We heard the chairman of the Committee on the

Budget talk about a \$700 billion tax cut over the next 6 or 10 years. We have heard the Senate Budget Committee chairman talk about an \$800 billion or \$900 billion tax cut over the next decade.

The problem we have, of course, is that over the next 5 or 6 years only \$86 billion of the hundreds of billions of dollars of surplus will be in the form of income tax, both income taxes from corporations and income taxes from individuals. The greatest percentage, 90 percent, of the surplus will be from the Social Security payroll taxes. We cannot afford to use those sums, basically coming out of that very regressive payroll tax, to pay for tax cuts that essentially go to higher income folks.

The chairman of the Committee on Ways and Means already said that. It is going to go to people in the high income bracket because he says they pay more. In fact, we estimated that somebody that makes \$300,000 a year will get about a \$30,000 tax cut, whereas somebody making \$30,000 a year, one-tenth of that, will get about a \$99 per year tax cut, or maybe \$8 a month.

Mr. DOGGETT. Some have suggested that this 10 percent tax cut is just principally designed to help the top 10 percent of Americans.

Mr. MATSUI. There is no question about that.

Mr. DOGGETT. Or maybe the top 1 percent.

Mr. MATSUI. It just goes to the very, very high income groups.

Mrs. THURMAN. Mr. Speaker, will the gentleman yield?

Mr. DOGGETT. I yield to the gentlewoman from Florida.

Mrs. THURMAN. Maybe another way to put this then is, if we take this surplus, the dollars that are coming in from the payroll taxes, which would be hard-earned folks' money that they spend out of their check, actually would then go to fund a tax cut across the board or potentially across the board, leaving us in a deficit for when they get ready to retire?

Mr. MATSUI. Well, there is no question. I think the gentlewoman from Florida (Mrs. THURMAN) is absolutely correct. They are basically taking money so there is immediate gratification but at the expense of folks down the road, 5, 10, 15, 20 years down the road.

Mrs. THURMAN. It is out of their tax dollars?

Mr. MATSUI. It is out of their tax dollars.

I will conclude by being very brief, because I would like to talk a little bit about this program that the gentleman from Texas (Mr. DOGGETT) spoke about today very briefly. It is very interesting, because Martha McSteen is the chair of the National Committee to Save Social Security and Medicare. Martha McSteen had been a Social Security administrator for 39 years before

she retired in 1986. She was the acting administrator of the entire Social Security program from 1983 to 1986, just before she retired.

Believe it or not, that was under the Reagan administration. She was part of this press conference.

And also John Mueller. And I want to just mention John Mueller's background. He is an economist, and he was the chief economist for the Republican Conference, that is the Republican caucus, under the leadership of then chair of the caucus Jack Kemp. They put together this report to look into the whole concept of whether or not we should privatize Social Security. In other words, allow private accounts of either 2 percent or 5 percent or 4 percent, maybe 3 percent, whatever it might be, or maybe all of it.

They have concluded, in their very comprehensive study, that in terms of winners and losers almost every American alive today will be losers under this program of private accounts, private individual accounts. The only winners will be single males born in the year 2025, 25 years from now and beyond.

The reason for that is because, as all of us know, we have an \$8 trillion unfunded liability because Social Security is basically a pay-as-you-go system. It is a system in which current generations pay for the retirement of past generations, and it is not funded. It is paid out of the payroll taxes and immediately paid out of the Treasury.

As a result of that, if one moves to a new system, where there are private accounts, essentially what happens is that the current generation of workers will be paying two taxes: one for their own retirement maybe 20 or 30 years down the road and the retirement of their mothers and fathers, aunts and uncles and perhaps even their grandparents.

So once we move over to private accounts, we are going to end up doing great damage to every American that is alive today and probably will be alive, born in the next 20 years. The only beneficiary will be somebody who will be born in the year 2025 and beyond. It will be basically a male who is single.

The gentlewoman from Florida (Mrs. THURMAN) can talk about the impact of this on women.

It is a major study. We hope that people will look at it because it confirms the Galveston plan, which the gentleman from Texas (Mr. DOGGETT) is so familiar with, in which they do private accounts. A GAO study showed that the Galveston plan is not working.

Mr. DOGGETT. Mr. Speaker, I know the gentleman has some constituents that he is going to meet with now, but I appreciate his comments and his leadership.

I think the kind of participation that Mr. Mueller provides as an economist,

as a Republican, is the very kind of Republican participation that we need. He conceded in his comments that he began with a strong ideological predisposition against our current Social Security system, but he was willing to let the facts overcome that ideological predisposition.

That is really what we are saying to some of our Republican colleagues who have made these very harsh criticisms of Social Security, to look at the facts; and when they show, as this study that the gentleman referred to, they show that no one alive in the world today would gain from wrecking the system and changing it so much that we would not recognize it, then we ought to try to improve the system rather than to reject it.

I appreciate the gentleman's participation.

I know that the gentleman from Washington State (Mr. McDERMOTT), one of the few physicians here in the House, serving on the Medicare Commission as well as working on Social Security, has some insight on this issue as well.

Mr. McDERMOTT. Mr. Speaker, the gentleman from Texas (Mr. DOGGETT) is to be commended for having scheduled this the day that we passed the most irrelevant resolution that I can imagine. It was empty in all its aspects.

I would say to the gentleman from Texas, as I sit here and think about this, I was thinking about my grandfather. He was a second generation American who went to the second grade. He could read the newspaper and he could write, basically, but had no assets. But in the investment industry in the 1920s there was a guy named Samuel Insole who had the electrical industry all locked up, and he was selling stock all over the United States. This was the time when we had private retirement. Everybody had their own retirement. There was no Social Security. So someone saved their own money.

Well, Insole came down into central Illinois, where my grandfather was, selling this stock. My grandfather, no economist, no great education, said to his wife, if this stuff is so good why are they selling it in the cornfields of Illinois? Why don't they sell it in Chicago?

When it crashed and all the old people in this country had nothing, that is when Franklin Delano Roosevelt came with Social Security. Because when people tried to invest their own money in the stock market, some people made it and some people got clobbered.

So this has been a system now in place for 70-some years, I guess 60 years, that has basically been protecting senior citizens. When people come here talking about let us privatize it, let us get away from a situation where we all pay into the same pot and we take out as long as we live and

we share the risk, all Americans share the risk together, the move in the Committee on Ways and Means now is, let us privatize it and give everybody a little book, and they will put their money in their little book, and they will know how much they have, and they can get rich or they can go in the ditch. That will be their choices. Who knows?

The model they use comes out of Chile. People in this country ought to take a very careful look at the Chilean example.

First of all, it took a dictator, Augusto Pinochet, to wipe out the system in Chile of a universal system and give everybody individual books. They had to wipe out the labor unions, and they ultimately set this system up.

Two years ago, when the stock market was not doing well, the Chilean government said to people, please do not retire because the stock market is down and people will not have enough to live on.

My view is that we ought to be creating a solid system that goes into the future and not go back to the 1920s in this country.

Mrs. THURMAN. Mr. Speaker, will the gentleman yield?

Mr. DOGGETT. I yield to the gentleman from Florida.

Mrs. THURMAN. There is another fallacy within the Chilean issue and I think it is one that all of us are very comfortable with and one that certainly the gentleman from California (Mr. MATSUI) has spoken about and that is, what happens to women and children, to this family issue? What happens to people who become disabled? If one looks at that system, there is in no way any kind of a benefit built into their system; where in ours we have a guaranteed benefit for those particular folks that find themselves in those very difficult situations.

Mr. MATSUI. Mr. Speaker, will the gentleman yield?

Mr. DOGGETT. I yield to the gentleman from California.

Mr. MATSUI. If I may just indulge for a minute, I noticed that sitting in the Speaker's seat, as Speaker pro tempore for the day today, is a new colleague of ours, the gentleman from California (Mr. OSE). Actually, he comes from the Sacramento area, as many of my colleagues know who have met him. He has just taken our distinguished colleague Vic Fazio's seat, who retired.

I would just like to acknowledge the gentleman from California (Mr. OSE) and say that I am honored to be on the floor of the House in the gentleman's first opportunity, since he has been elected to the Congress, as Speaker pro tempore of the House. So I just wanted to say, and probably breaching some kind of rule here, but I just wanted to acknowledge the gentleman this evening and say I am very, very

pleased that he is here and part of this. It is a very historic moment, obviously, for the gentleman from California (Mr. OSE) and his family.

Mr. DOGGETT. We are pleased to have the gentleman from California (Mr. OSE) presiding over us this afternoon. And we are going to keep talking to the gentleman and with the gentleman, because we do need everybody from California joining in to help us get Social Security legislation here, a piece of legislation that we can all be proud of that will be there for our retirees.

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As the gentlewoman from Florida is pointing out, for what I believe is about 16.7 million children and adults here in the United States that are not relying on Social Security as the retirement system but it is absolutely vital to them that Social Security is there for people with disabilities or family members with disabilities.

I believe she was pointing out that it does not work that way under this great model that some of our colleagues have been advocating.

Mrs. THURMAN. The other thing that I might add to that is the issue of an independent business owner. About 80 percent of them are covered under no kind of retirement plan and were actually given an option not to participate at all. We have no clue or idea what would happen if their business failed in some way when they reach that magical year of retirement for themselves, of what would happen to them. Would they become a ward of the country? What happens to this person?

Mr. DOGGETT. The gentlewoman is saying in Chile if we followed that model, there would be businesses in California, in Florida, in Texas that would be totally outside of the system.

Mrs. THURMAN. And that is exactly what happened in Chile. In fact, they said I think 80 percent of the small businesses in fact do not even participate. We do not know, as I said, if they have no income. I think that takes us right back to where we are and have been such strong supporters of Social Security, because when it was developed, it was specifically developed to lift people up and have some dignity in their retirement years. In this case we do not know where that dignity would be, which is why I would be very concerned. It is also happening in some of the other countries that we are seeing, with privatization, in the UK and in France and in some other areas where they are looking at 5 years, they could go bust in those areas and do not have a clue as to what they are going to do at this point, quite frankly because of administrative costs in these retirement issues.

Mr. McDERMOTT. I think there is one other thing that I want to emphasize. Sometimes you cannot say some-

thing too many times. That is, this whole disability business, because I have got an incident in my own district right now that is right in the middle of my mind. This is the best disability income program in the world. You cannot buy one any better than this. We had a policeman who was injured and subsequently died, 38 years old, a wife, kids 5 and 3. Now, they go into the Social Security system and she is guaranteed a benefit for herself and those children for the rest of her life and for the kids up to the age of 18. Most young people in this country do not know that they are walking around with this insurance policy in their pocket. It is not one you want to collect on but it is like your fire insurance. You buy fire insurance on your house hoping you will never collect on it. The same is true in terms of this. To make this appear that this is just a program for old people is simply to misrepresent what the Social Security system is all about.

Mr. DOGGETT. Let me, if I might, just on that point quantify, because we had some excellent testimony the other day in our Ways and Means Subcommittee on Social Security from Marty Ford representing the Consortium for Citizens with Disabilities. She pointed out that for the average wage earner, much as the gentleman was saying for the law enforcement officer, for the average wage earner with a family, Social Security that we have today, the insurance benefits, are the equivalent of a \$300,000 life insurance policy or a \$200,000 disability insurance policy. I think that is the kind of benefit that we are talking about that many people, a small business owner of the type our colleague from Florida was mentioning, an individual employee could not go out and afford to buy that kind of policy. But with all of us working together in this government program, everyone gets that policy of disability insurance and of life insurance.

Mr. McDERMOTT. I think there is one other thing that the gentlewoman from Florida (Mrs. THURMAN) brought up and I think needs to be emphasized, and that is the effect on women. If you have individual accounts and you work and on the basis of your job you put in whatever percentage, most women in this society make less than men do.

Mrs. THURMAN. If the gentleman will yield, we make about 74 cents on a dollar as versus a male. However, I will say that during the State of the Union, it seemed to be one of the areas where there was a lot of bipartisan support, that we should have parity in the workforce. I am ready to work on that issue any time the gentleman is ready.

Mr. McDERMOTT. But there is another way in which women, if you have individual accounts, not only do they make less but they work less numbers of quarters, for reasons of childbirth

and for reasons of staying home and taking care of family members. Generally men do not leave their job and take care of their mother or their father or their in-laws.

Mrs. THURMAN. The average is about 11 years less than what men work in the workforce.

Mr. McDERMOTT. And then women live longer. So they have less money as income, they have worked less number of years and then they live longer, so that they are impoverished or they will be impoverished by this kind of system.

Mrs. THURMAN. The way that that would work is they would have to buy under an individual account an annuity and when they buy that annuity it would be based on an actuarial life span. Because women are predicted to live longer, so when they bought theirs at 64, 65, whenever they were ready to retire, when the insurance folks would settle this out, they would say you would actually get a lesser per month check than the male would just because of your life span issue, which is the reason that that would happen.

Mr. McDERMOTT. Anybody who looks at this with an open mind realizes that women will suffer if we go to privatization and do not have this generalized program we have today. That reason alone ought to be enough to make us keep this program together, if we care about our mothers and our sisters and our aunts and all the rest.

Mr. DOGGETT. The gentlewoman from Florida was at this briefing today with the National Committee to Preserve Social Security and Medicare. The Republican economist who did that simulation on these various privatization schemes, his conclusion was that no group in our society would be a bigger loser than women, and that it did not make any difference, well, it makes a difference in degree, I guess, but regardless of income class, regardless of race, regardless of marital status, because of the factors that the two of you have just been describing, women will lose more than any other part of our society if we reject the Social Security system that has served us so well and go off with some of these ideological experiments.

Mrs. THURMAN. If the gentleman will yield, just from the synopsis and summary of findings, it said women would be particularly affected by the loss of spousal and widows benefits, the lack of benefit progressivity, and the loss of unisex annuities provided under our Social Security system as we know it today. And the Social Security benefit for surviving widows is higher than the benefit widows would receive under a privatized system. This is true in married couples when the wife is college educated with even full earnings. So there are really some issues that would have to be particularly looked at.

I will say, even in the resolution that was passed today, women was an area that was considered under this and one of the things that I would like to say to my colleagues is that it is okay to put it in words but now let us make sure it turns into action and that we do not reduce these benefits or these concerns.

If the gentleman will let me just say something else, too, because this goes into another area but still I think is the whole idea of security in your retirement years and specifically with the issue of Medicare and the idea that we would add this additional 15 percent to take us into the year 2020. I think the gentleman from Texas mentioned the security of health care. In one of our same hearings, and I know we are not going to get much into this, but one of the things that was said during one of our committee hearings, Mr. Lew said basically if Congress fails to enact this legislation, 15 percent, we have only three options in the Medicare issue and I hope that we are all listening to this because he stated that we would have to reduce provider payments, raise payroll taxes or cut benefits. I am just adding that in because that is another part of the whole Social Security issue as we are looking at this debate.

Mr. McDERMOTT. I think one of the things that we need to talk about a little bit so people really understand it, because sometimes I know that I think I understand about something until I really begin to feel about or actually look at it. This Social Security issue really, if you want to take a point when it got acute was in 1983. We in the Congress, not any of us, but the Congress decided they were going to save Social Security, so they raised the contribution rate so that people were putting more money into the pot that was being paid out in that year, the so-called pay-as-you-go idea. You put in as much as you have to pay out. Well, we were putting in more than we had to pay out, so a surplus developed in there. During the 1980s, under Mr. Reagan, for the Cold War reasons and a lot of reasons, we borrowed all of that. We borrowed that money out of the Social Security and we have been paying—we, meaning the government, borrowed it—and we have been paying interest. Every year, one dollar out of seven in the Federal budget goes to pay interest to the Social Security system. It is almost our biggest expenditure outside of Social Security itself, just a little less than we spend on defense, we are spending in interest on this money.

The President's proposal in his State of the Union message was absolutely a stroke of genius, because he is not only paying off the national deficit but he is also strengthening the Social Security system by putting in 62 percent of the surplus until the year 2014, and the amount of national debt will be markedly reduced. I personally think that it

is inconceivable that if you have any conservative bones anyplace in your body that you would, having received this benefit, say, well, let us spend it on a tax break rather than pay this enormous debt that faces this country. I think the people have to understand, the Congress created the debt, and it is now, when we have surplus, the time to pay it off. It is like your credit card. If you get a Christmas bonus and you say, well, let us just buy some more rather than paying down your credit card, you would say that person was irresponsible. The Congress will be irresponsible in my view if it does not use this money to pay down that debt.

Mr. DOGGETT. That is the whole meaning of the phrase "save Social Security first." We save Social Security first, ahead of anything else, and we do it by the very fiscally responsible step of paying down these trillions of dollars of Federal debt that has been accumulated over the last many decades.

Mrs. THURMAN. Again through the hearings that we have had, if anybody has been watching the news or reading the newspaper or looking at Newsweek or any one of the organizations that have been writing about what is going on up here, Greenspan, both in the Senate Finance Committee and Ways and Means, Banking, wherever he has appeared over the last couple of months in his report to Congress has been, this is the best thing you can do for this country. And then the beneficiaries are all Americans, because we continue to see a robust economy with jobs being created, businesses having capital to expand and extend their businesses, we have lower interest rates or continued lower interest rates. We know how that has been spurring this economy, the fact that people have been able to refinance their mortgages so they have more money in their pockets for disposable income, maybe for possibly even putting a little money aside for children to go to college or buy health care or help with long-term care for an elderly person, whatever that case may be. We all recognize that that is what we should be doing.

I have to tell you, it was interesting, I am going to try to get it right. This morning I was going back over some clips. It seemed that there was this continuing, "Well, if we don't do this, we've got all this surplus, should we then give this tax cut?" And Greenspan said, "Well, you know, it is the last thing I would like you to do, but the worst thing you need to do is be spending it on new programs. So if you can't save it and use it to pay down the debt, well, then maybe you should do that."

But quite frankly the first thing we should be doing with this money is paying down our debt.

Mr. McDERMOTT. The actual quote, if the gentlewoman will yield for a second, "My first preference," he said, "is to allow the surpluses to run for a

while and unwind a good deal of the debt to the public which we have accumulated over the years." Here is the man that has brought in large measure the present economy to its present state. He is saying, pay off the debt. I do not see how anybody can be against this. It is going to be interesting to hear the debate that will go on while they try and justify, "Well, since we've got the money, rather than pay it off, we'll just give it back."

□ 1630

It is the people are the ones who are going to benefit from stabilizing Social Security and Medicare. There is a tie between these two. Because when we talk about these older women, there are about 6 million women in this country living on \$8,000 of Social Security, and it is those people that we are talking about raising the premiums on Medicare.

Mrs. THURMAN. Sixty percent of the Social Security recipients are women in this country.

Mr. McDERMOTT. Yes.

Mr. DOGGETT. Let me ask you in that regard from your service on the Medicare Commission. Now I have heard some people on our Committee on Ways and Means say that they, as Republicans, would agree with the President to set aside 60-62 percent of future surpluses to take care of Social Security, but they wanted the rest of it, I guess, for various other schemes, and they did not want to focus on the Medicare aspect. If we only do the 62 percent and we do not have any long-term solution otherwise to Social Security and we do not address Medicare, what would be the effect on the health security of our seniors?

Mr. McDERMOTT. Well, I think that, first of all, anybody who would try and separate them and say one is important and the other is not simply is not old, because if you are old, you think about two things: How you are going to pay for your house and your food and how you are going to pay for your doctor bills. And when Medicare started, 1965, less than 50 percent of people had health insurance above the age of 65. Now 100 percent are covered. It is the second leg of the economic security for senior citizens in this country, and you have to stabilize that plan. Otherwise, the Social Security check is going to go simply to pay for more health care benefits.

Seniors already spend \$2,500 on average in this country out of pocket on Medicare for medical things that are not covered by Medicare. So the Social Security and the Medicare are linked very tightly, but it is absolutely crucial that people have an income to live on. If you do not have that one stabilized and you start making that one unstable and then make their health care unstable, you will have taken away all the emotional security that

senior citizens feel in this country because of these two programs.

Mr. DOGGETT. A colleague of ours who was a leader even before coming to this House as a State official in dealing with pensions, retirement security, insurance, is EARL POMEROY of North Dakota. And I am pleased that you join us this afternoon, also now as the co-chair of our entire Democrat Caucus Task Force on Social Security, and I know you have some thoughts about this ongoing debate.

Mr. POMEROY. I certainly do, Congressman, and I want to thank you for your leadership as well as, Congressman McDERMOTT and Congresswoman THURMAN, for your leadership on the Committee on Ways and Means. I know that you have been having many hearings on this topic awaiting the reform proposal of the majority.

While it is difficult to try and see what they may be proposing, I know, as you have told me, the thrust of the debate seems to be shaping up to be between those that want to reform and reduce Social Security protections and those that want to strengthen and protect and extend those protections so that the next generation has the same protections that our parents, grandparents and we will have as well.

I think that, as we see this take focus, it appears as though those who want to reduce Social Security will be advancing a proposal of individual accounts replacing the guarantees and assurances that today protect one in six families in this country, one in six Americans in this country receiving a Social Security payment in exchange for an individual account proposal.

You have mentioned earlier a study that was released today, and I also want to call it to the attention of the body, a study authorized by the Committee to Preserve Social Security and Medicare conducted by a Republican economist that shows there are distinct winners and losers under a proposal to go to the individual account. But most of us, virtually all of us living today, fall in the losing category. The individual account winner fell to one narrow class of males in affluent earnings that will be born in about 20 years. All of the rest of us lose, and we lose for one fundamental reason: You have to continue making payments on the existing structure, the structure that today is meeting the needs of more than 40 million Americans, even while you begin to create these individual accounts and direct money to those so that that is going to work to replace the Social Security payments in the future.

The thought behind this economist's study was a very simple but straightforward one. It is always, always more expensive to pay for retirement twice than once. And so if we fund the existing system and fund the individual account system, we are in essence paying

twice, and that is the cost that ultimately reduces what Social Security offers to Americans.

Mrs. THURMAN. Mr. POMEROY, within that, and so we can kind of look at this debate and maybe kind of give the audience or whoever is out there listening to us the word or the captured word that what you are talking about, and this is the transition tax. It may be called something else, but the fact of the matter is it is the dollars that are going to have to be spent to cover those people that are on Social Security today and within the system.

Now to that, Mr. POMEROY, one of the things that John Mueller talked about specifically was these other studies and why these other studies were wrong when looking at the Social Security system, specifically as we privatize or if it were to be privatized. And they said that these are some of the issues that were left out of their models.

And maybe you can help me with this, that they have left out or underestimated transition costs, which would be this transition tax, and administrative fees for private accounts, that they have used a so-called typical household that in reality does not parallel the actual earnings or employment history of most workers. And, three, they have used exceptionally high projections for market returns that do not track with the extremely slow economic growth or cash used by the Social Security actuaries when we are predicting the future of Social Security funding.

Mr. POMEROY. That is precisely correct. The gentlewoman is exactly right. These earlier studies have been flawed, and they are being corrected by a spate of recent studies done by all perspectives out there analyzing this very important issue. I cite for the gentlewoman's attention a November, 1998, EBRI study.

Now EBRI is the Employee Benefits Research Institute, a business-funded research group assessing the impact of administrative fees on these individual accounts. The thrust of the study, quite likely the administrative fees certainly eclipse any enhanced earning opportunity under the individual account proposal, if they are administratively possible in the first place.

Mr. McDERMOTT. What is the administrative cost under Social Security? Do you know?

Mr. POMEROY. The administrative cost under Social Security is under 1 percent. It is truly the most efficient mechanism of getting benefits available to Americans.

Mr. McDERMOTT. And the administrative costs in an investment house, Wall Street Journal kind of private investment account, what would that be?

Mr. POMEROY. Well, they run considerably more than that. In fact, the least expensive individual account structure could be brought on line po-

tentially for 8 percent, 800 times what we are presently paying; and a more likely scenario could be 30 to 40 percent in a completely privatized environment, reducing benefits in favor of administrative costs while you reduce the assurances. It is just not the way to go.

Mr. DOGGETT. And while the study that we heard about today was a simulation using an economic model by a Republican economist, is there not some experience in some of the foreign countries that have moved to these private systems that they have actually experienced administrative costs of the level that you are referring to?

Mr. POMEROY. Well, the fact of the matter is you are precisely right, and pensioners and near-to-be pensioners have lost millions, all told. In the experience of Chile, in the experience of the United Kingdom, two prevalent examples asserted by those that want to create individual accounts, look a little deeper and you see that the administrative expense component is really coming home to roost in those experiments.

The other real-life example we have is a private alternative to a Social Security program being run down in Galveston, Texas.

Mr. DOGGETT. We usually think everything is a little bigger and better down in Texas, but in fact the study that you referred to in Galveston, Texas, most everybody there that was left out of Social Security. According to the objective study on it, they came out a loser; did they not?

Mr. POMEROY. Well, this is a study by the General Accounting Office, and this is not a group with any stake in this debate. They are providing the strict analysis, and they find precisely that those that have gone not with the Social Security but with this alternative plan for the local public employees have not fared as well as they would have done under Social Security.

As we approach this vitally important program, it is really important, because of its critical importance to American families, that we not deal with, you know, ideology and theories and concepts. If we would make this change, we would not be able to change back, and so it is vitally important that the research come up a good measure from what those favoring individual accounts are presently asserting.

For example, they say that African Americans would benefit under a move to individual accounts. Today's study shows quite conclusively that African Americans would lose and lose big. They hold this out as an opportunity for modest income workers to accumulate wealth. Today's study shows that middle income, modest income workers lose and lose significantly, as opposed to the assurances they now have with Social Security. And then finally women, the biggest losers of all under the shift to individual accounts.

I look at the perspective from my own family. I cite the three women in my life: my 78-year-old mother, my 46-year-old wife and my 5-year-old daughter spanning three generations. All lose, moving away from the guarantees of our Social Security program into the untested uncertainties of the individual account environment. The study today shows it is a loser and we leave people less well off, with greater risk and lower benefits.

Clearly, this is absolutely not the way to go with a program as important to Social Security. I think at this point in time, if the majority wants to continue to pursue this radical reform proposal, reducing the assurances of Social Security in exchange for the individual account proposal, it is time for them to stop shooting at the framework advanced by President Clinton that preserves the guarantees and advances specific proposals that would establish the individual accounts. I am convinced, in light of what these studies have shown, that when analysis is run on any individual account proposal they will bring forward, we will show reduced benefits, higher risk, lower assurances and a step backwards in terms of providing retirement, income security for American families.

I thank the gentleman for this discussion.

Mr. McDERMOTT. Before you walk away, I would like to ask you a question. You quote that Galveston study. What were the reasons why people who choose not to go into Social Security but to do their own investing, why did they come out worse off? I mean, my son has given that argument to me. He said, dad, we do not need Social Security. Just give me my money, and I will invest it, and I will be just fine. I would like to hear what happened to them.

Mr. POMEROY. Well, in fact, they run into the things that we have been discussing, higher administrative fees, greater investment return uncertainty, the same things that would face, in fact, the reform of Social Security.

The fact of the matter is that I think we need to appreciate the fact that as individuals deal with at-work retirement plans, they are already taking on a good deal more risk than they traditionally have. In the past you had your pension, the assets were managed elsewhere, and you put in your time, and you got your retirement check.

Presently, you have a 401(k) plan. Workers in the work force today struggle to make a matching contribution so they get some money accumulating in their 401(k) accounts. We know that over half the 401(k) accounts in the marketplace have less than \$10,000 in them, hardly anything that is going to sustain a comfortable retirement.

We also know that those 401(k) accounts carry a level of investment risk, and quite often workers are mystified,

bewildered by the investment choices that confound them. The last thing they want to do is take the one piece of security they have in retirement, Social Security, the bedrock, the foundation, and put risk into the foundation as well.

□ 1645

This is what we build on for retirement security. We do not want to crack the bedrock assurances social security has offered, creating even more uncertainty as to the ability to make it in retirement years.

Mrs. THURMAN. One of the other things we have found, not maybe with the Galveston but just generally, particularly when we are using another form of an IRA 401(k), those kinds of issues, again, this comes back to women. In many cases, if they only work maybe 4.7 years at one job, therefore, for many companies they cannot even vest or participate in any kind of a retirement system outside of social security, which creates one problem for them.

Then say that they get into that situation and they do have an opportunity to vest in something like this, or they have put some money aside in an IRA. Women are the first ones that give up that security to give security to their other family members. So if they have a child that needs to go to school, it becomes an education benefit for their child. If maybe they need a house or a down payment, they are the first ones to give up that security that would be used for themselves in that later time of retirement. So again, here is another little pitfall that happens for women in these situations.

I think the one about the 4.7 years, so much of this is based on vesting in any one system. Sometimes it takes as much as 10 years. We just do not stay at a job for that period of time.

Mr. McDERMOTT. I think EARL really put his finger on it. It is there and we know it is there, and our job has got to be to stabilize it and make it so that there is no question that it will be there for our kids.

I think all of us my age or around my age have kids who say, well, I heard that this is not going to be there when I get to be old. The first thing we have to get out to them is the message that if we did nothing, if we did nothing, there would be three-quarters of the benefits in social security forever. There is no question that we can do that. The question is whether we are going to have to reduce the benefits if we do not do something about it.

I think that the mythology of those people who want to privatize it and get rid of the Federal program has been to say to our kids in an advertising campaign over and over again, social security is not going to be there when you get there, so why are you paying for it? You are paying in, but you are not

going to get anything out of it, you know. That has begun to take effect among young people in this country, when in fact it is not true. It is a lie that is being pushed by people who want to destroy the social security system as we have come to know it.

I personally think our biggest job will be, and if we fail in educating the public about this, at some point they may buy this kind of mythology, about if they had their own money. But the thing we have to remember about the United States is that we are not a country which has done things individually. We do not put out fires individually. We do not build highways individually. We do not build schools individually. A social security system, some may be able to build one, but for everybody who can, there is going to be somebody who cannot. Our problem here is to make sure that everybody has something. Otherwise we will be back in the thirties.

Mr. DOGGETT. Mr. Speaker, a couple of points there that I think are really important, because I have gotten some of those same kinds of communications. I expect every Member has, particularly from younger Americans, saying, just show me the money and I will do it on my own.

One of the things we know from the study that came out today that we have referred to, prepared by a Republican economist who had a leading staff position with House Republicans in this House during the Reagan administration, is finding that every one of those people, the young person that wrote you, the young person that talked with you at a town meeting in Florida, the young person who contacted me in Austin, Texas, every one of those people and every single person alive today is going to come out worse under these experimental plans, according to this simulation, is going to come out worse than if we maintain and strengthen the system that we have right now.

Mr. McDERMOTT. How do people get that report? Where is that report?

Mr. DOGGETT. This report is available from the National Committee to Preserve Social Security and Medicare. I am sure they will have it up for many of our young people who are web literate on their website. I know my office will be pleased to supply information, and I am sure yours, as well, to people from your part of this country who want to get more information about how they would be affected.

Then I would just add, with reference to what you said about going back to the thirties, I have to feel that one of the reasons that some of these Washington think tank ideologues want to break apart the social security system is that they are so committed ideologically against anything that has government in it. They do not agree with the government highways, they certainly do not agree with government

schools. They want to voucher some students out. They will not vouch for public education. They feel if they can tear apart the bonds that have tied Americans together around social security, then they can eliminate any government program.

I think it is that ideological fervor, it is the kind of thing I was referring to at the beginning of this special order in the Newt Gingrich Progress and Freedom Foundation, that it was not just about financial returns, but it was about some very distorted idea of freedom; that if you could break apart the social security system, you could break apart anything else.

I think when we stand up for social security, we are not only standing for the security of our seniors and our disabled Americans, but we are standing for some common bonds that tie us together; that I have an interest in what happens to your family, you have an interest in what happens to mine; in our retirement, if we are faced with the loss of a breadwinner, if we are faced with an unexpected disability, that there is something there to provide us with a little bit of a safety net in that kind of tragic situation.

I know the gentlewoman has some observations on this.

Mrs. THURMAN. I was just going to say, when the gentleman was talking about the young person and the report, if we go to page 11 of that report, and under conclusions, No. 2, and the gentleman from Washington can say this back to his son, because of the transition tax, and again, I go back to that, inherent in any move away from pay-as-you-go social security, no cohort now alive could avoid serious economic losses from partly or fully privatizing social security, even under the most unrealistic set of assumptions. All cohorts now living would be substantially better off with even a scaled-back, balanced, pay-as-you-go retirement program.

Mr. McDERMOTT. May I ask a question?

Mrs. THURMAN. Certainly.

Mr. McDERMOTT. What is a cohort?

Mrs. THURMAN. I would think that would be one of us; a people, a person.

Mr. McDERMOTT. A group, right?

Mrs. THURMAN. These are scientific terms they use when they are putting together these reports.

But also the question that has to go back to that young person today is, if they are relying on a study, they need to ask the hard question, too, because this is about their security. Just as important, it is about their mother's or father's security, so that that does not fall upon them when they have children and are trying to rear their children, and all of a sudden they have a parent who has no income, or any of those kinds of things that could happen to them.

But the hard questions go back to why the other studies are fundamen-

tally flawed. Why were those questions not asked? Again, they left out the underestimated transition costs, they have used a so-called typical household, and the fact that they look at exceptionally high projections for market returns. Those are the questions we need to send back to our children.

I would also say, I am not giving up on our children, our sons and our daughters. They see the benefit to their parents or, in some cases, their grandparents. They understand that their parents are being able to pay for their education. They are able to help them buy that first home, because their parents' parents are not reliant on them for their everyday household needs. I think that that is very important.

So if we just let them kind of capture back in, look around and see the benefits social security has provided in their own family, in their own family today, and then look at friends who might have had a loss of a parent, or if they have had somebody who has been on disability at an early age, they can truly look and see what this program has provided. I hope we will continue to do these kinds of things, to continue to bring these issues to the American people.

The gentleman from Texas (Mr. DOGGETT) has been great, and I have enjoyed this, I say to the gentleman from Washington (Mr. McDERMOTT).

Mr. DOGGETT. I thank both Members for their continuing work on this topic.

I would just summarize in these closing minutes and say that the first thing is to put social security first. We say, save social security first. Do not engage in a bunch of new spending programs. Do not dissipate the surplus with some politically-motivated changes in the tax code. Use the resources that are available at this great time in the American economy to see that social security is saved first.

Then second, it is a matter of our working towards a bipartisan agreement. I believe that we can do that in a constructive way. We must do that. We should move forward immediately with the President's program and see how we can make it even better to preserve this very valuable system.

TRIBUTE TO PATRICK EARLE McCAMMOND, AN EAGLE SCOUT FROM CARTERET COUNTY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

Mr. JONES of North Carolina. Mr. Speaker, this is not an easy time for young children in America. Mixed messages from our society about morality and the value of truth can confuse an already difficult time for our Nation's children.

When so many young people today are finding destructive means to cope with everyday frustrations and concerns, I am proud to bring to Members' attention an outstanding young man from the Third District of North Carolina who has taken positive steps to ensure a bright future for himself and his community.

At just 14 years of age, Patrick Earle McCammond recently achieved the rank of Eagle Scout in the Boy Scouts of America. The Eagle Scout rank is the highest rank in scouting. In fact, only about 2.5 percent of Boy Scouts ever achieve Eagle Scout. It is an accomplishment reserved for young men who incorporate the principles in the Boy Scout oath and the Boy Scout motto in their daily lives, and earn 21 merit badges in areas ranging from community service and leadership to physical fitness. Patrick not only handled and met these standards, but he far surpassed the minimum requirements. In all, Patrick has earned a total of 55 merit badges, with more in the works. That is more than double what is required.

He has also received a number of honors and awards within Boy Scouts in his community, which include the Arrow of Light, World Conservation Award, International Catholic Awareness Medallion, and the High Adventure Patch.

While achieving this rank itself is an accomplishment, Patrick has literally dedicated his youth to helping his community. When I learned of Patrick's achievements at such a young age, I certainly was impressed. But only when I learned about a project he developed for his community did I fully recognize the impact of scouting on Patrick's life and his future.

One additional requirement for Eagle Scout is the completion of a service project to benefit a religious institution, school, or community. We have a strong military presence in North Carolina. In the Third District alone, which I have the privilege to represent, we have four military bases with 77,000 retired veterans and another 10,000 retired military. Knowing this, Patrick created a website designed to assist the veterans in his Carteret County community.

Mr. Speaker, there are many young men in the Third District of North Carolina like Patrick who have achieved the rank of Eagle Scout, and even more who will in the future. As their congressman, I am proud of each and every one.

What makes Patrick McCammond's efforts special to me is his concern for our veterans. No matter what age, we as a Nation must never forget the men and women who have served this Nation to protect the freedoms we enjoy today.

Patrick paid tribute by taking steps to research, create, and implement his